

Ordinance No. 121812

Council Bill No. 115146

AN ORDINANCE relating to the finances of the electric system of The City of Seattle; authorizing the purchase of a surety bond to meet the total reserve fund requirement for the City's outstanding municipal light and power revenue bonds, authorizing the withdrawal of money currently held to meet the reserve fund requirement, authorizing the deposit of that money in the Light Fund, and amending the 2005 City budget and increasing appropriations to the City Light Department in connection therewith.

CF No.

Date <u>1-3-05</u>		
Date 1st Reading: <u>1-3-05</u>	For (committee) <u>Energy & Environ Policy</u>	
Date 2nd Reading:	For (committee)	
Date 3rd Reading:	For (committee)	
Date of Final Passage: <u>5-16-05</u>	Full Council Vote: <u>7-0</u>	
Date Presented to Mayor: <u>5-16-05</u>	Date Approved: <u>5/16/05</u>	
Date Returned to City Clerk: <u>5/26/05</u>	Date Published: <u>6 pp.</u>	T.D. P.T. <input checked="" type="checkbox"/>
Date Voted by Mayor:	Date Vote Published:	
Date Passed Over Vote:	Vote Submitted:	

The City of Seattle - Legislative Dept
Council Bill/Ordinance sponsored by: 4

Committee Act

~~5/11/05~~ 5/11/05 DO PASS; JG, JL, DD
AS
Amended

5-16-05 Passed 7-0 (Excused: G)

This file is complete and ready for presentation to Full Council.

LAW DEPARTMENT

Law Dept. Review

OMP Review

City Clerk Review

(V)

ORDINANCE 121812

1
2
3 AN ORDINANCE relating to the finances of the electric system of The City of Seattle;
4 authorizing the purchase of a surety bond to meet the total reserve fund requirement for
5 the City's outstanding municipal light and power revenue bonds, authorizing the
6 withdrawal of money currently held to meet the reserve fund requirement, authorizing
7 the deposit of that money in the Light Fund, and amending the 2005 City budget and
8 increasing appropriations to the City Light Department in connection therewith.

9 WHEREAS, The City of Seattle, Washington (the "City") has outstanding fixed rate, senior
10 lien municipal light and power revenue bonds (as defined in section 1, the "Outstanding
11 Parity Bonds"); and

12 WHEREAS, pursuant to the ordinances and resolutions authorizing the Outstanding Parity Bonds
13 (the "Parity Bond Legislation"), the City has established and maintains the Municipal
14 Light and Power Bond Reserve Fund (the "Reserve Fund"), into which the City has
15 deposited, and is obligated to continue to deposit, money in the amounts and at the times
16 required by the Parity Bond Legislation to meet the Reserve Fund Requirement (as
17 hereinafter defined) for the Outstanding Parity Bonds; and

18 WHEREAS, the Parity Bond Legislation permits the City to meet the Reserve Fund Requirement
19 by substituting a surety bond for money previously deposited and to be deposited in the
20 Reserve Fund, and to withdraw previously deposited money from the Reserve Fund; and

21 WHEREAS, the Superintendent of the City Light Department has advised the City Council that it
22 is in the best interest of the electric system and its ratepayers to withdraw all money
23 currently on deposit in the Reserve Fund; NOW, THEREFORE,

24 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

25 Section 1. Definitions. As used in this ordinance, the following words shall have the
26 meanings hereinafter set forth:

27 "City Council" means the City Council of the City, as duly and regularly constituted
28 from time to time.

"Director of Finance" means the Director of Finance of the City, or any successor thereto.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

1 "Light Fund" means the special fund of the City of that name heretofore created and
2 established by the City Council.

3 "Mayor" means the Mayor of the City.

4 "Outstanding Parity Bonds" means, collectively, the outstanding:

5 (a) Municipal Light and Power Revenue Bonds, 1995, Series A and B, of
6 the City authorized by Ordinance 117758 and Resolutions 29198 and
7 29218, respectively;

8 (b) Municipal Light and Power Revenue Bonds, 1996, of the City
9 authorized by Ordinance 118282 and Resolution 29477;

10 (c) Municipal Light and Power Revenue Bonds, 1997, of the City
11 authorized by Ordinance 118745 and Resolution 29686;

12 (d) Municipal Light and Power Refunding Revenue Bonds, 1998,
13 Series A, of the City authorized by Ordinance 118744 and Resolution
14 29687;

15 (e) Municipal Light and Power Refunding Revenue Bonds, 1998, Series B,
16 of the City authorized by Ordinance 119141 and Resolution 29851;

17 (f) the Municipal Light and Power Revenue Bonds, 1999, of the City
18 authorized by Ordinance 119638 and Resolution 30065;

19 (g) the Municipal Light and Power Revenue Bonds, 2000, of the City
20 authorized by Ordinance 120131 and Resolution 30274;

21 (h) the Municipal Light and Power Improvement and Refunding Revenue
22 Bonds, 2001, of the City authorized by Ordinance 120274 and
23 Resolution 30298;
24

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NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
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- 1 (i) the Municipal Light and Power Refunding Revenue Bonds, 2002, of the
2 City authorized by Ordinance 120931 and Resolution 30549;
3 (j) the Municipal Light and Power Improvement and Refunding Revenue
4 Bonds, 2003, of the City authorized by Ordinance 121198 and
5 Resolution 30618; and
6 (k) the Municipal Light and Power Improvement and Refunding Revenue
7 Bonds, 2004.

8 "Parity Bond Fund" means the Seattle Municipal Light Revenue Parity Bond Fund
9 established pursuant to Ordinance 92938 and now treated as a separate account within the Light
10 Fund.

11 "Parity Bond Legislation" means, collectively, the ordinance and resolutions authorizing
12 and providing for the issuance of the Outstanding Parity Bonds, as originally passed or adopted
13 or as theretofore amended or supplemented.

14 "Reserve Fund" means the Municipal Light and Power Bond Reserve Fund established
15 pursuant to Ordinance 71917, as amended, and now treated as a separate account within the Light
16 Fund.

17 "Reserve Fund Requirement" shall have the meaning assigned to that term in the Parity
18 Bond Legislation.

19 Section 2. Substitution of Surety Bond for Cash in Reserve Fund. The City finds that
20 it is in the City's best interest to satisfy the Reserve Fund Requirement for the Outstanding Parity
21 Bonds with a surety bond that constitutes "Qualified Insurance" as that term is defined in the
22 Parity Bond Legislation, rather than with cash. The Director of Finance is authorized and
23 directed, upon his determination that a surety bond is available at reasonable cost, to withdraw all
24 cash held in the Reserve Fund and to substitute a surety bond in an amount equal to the total
25



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1 Reserve Fund Requirement for all Outstanding Parity Bonds on the effective date of the surety
2 bond. The Director of Finance is authorized and directed to select a provider of the surety bond
3 through a selection process acceptable to him. The Director of Finance and each of the other
4 appropriate officers of the City are further authorized to enter into such agreements and execute
5 all such documents, consistent with the terms of the Parity Bond Legislation and this ordinance,
6 as, in their judgment, are necessary and appropriate to acquire the surety bond. Any
7 reimbursement obligation that is created by any such agreement shall be an obligation of the
8 Light Fund and not a general obligation of the City.

9 Section 3. Establishment of Contingency Reserve Account. There is hereby
10 established a Contingency Reserve Account in the Light Fund.

11 Section 4. Deposit of Cash Withdrawn from the Reserve Fund. On the effective date
12 of the surety bond, all cash withdrawn from the Reserve Fund pursuant to this ordinance shall be
13 deposited in the Light Fund. \$25,000,000 of such cash shall be deposited in the Contingency
14 Reserve Account within the Light Fund. The amount necessary to pay the premium for the
15 surety bond and transaction costs may be withdrawn from the Light Fund and spent for that
16 purpose. The remainder of the funds deposited to the Light Fund shall be used for additional debt
17 reduction, either by transferring the funds to the Construction Account of the Light Fund where
18 the funds will be used for authorized capital expenditures, thereby reducing future debt issuance,
19 or by using the funds to defease outstanding City Light obligations as may be authorized by
20 future ordinance.

21 Section 5. Increase in Budget. The General Expense budget control level for the City
22 Light Department (SCL800) in the 2005 Adopted City Budget is amended to include the
23 purchase of a surety bond as authorized in this ordinance, which purchase shall be funded by the
24 appropriation made in section 6.
25



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1 **Section 6. Appropriation.** In order to pay for necessary costs and expenses to be
2 incurred in 2005, but for which insufficient appropriations were made, the appropriation for the
3 general expense budget control level in the 2005 Adopted City Budget is increased from the fund
4 shown, as follows:

5

Fund	Department	Budget Control Level	Amount
Light (41000)	City Light	General Expense (SCL 800)	\$3,000,000

6

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8 **Section 7. General Authorization.** The Mayor and the Director of Finance and each of
9 the other appropriate officers of the City are each authorized and directed to do everything as in
10 their judgment may be necessary, appropriate, or desirable in order to carry out the terms and
11 provisions of, and complete the transactions contemplated by, this ordinance.

12

13 **Section 8. Severability.** The provisions of this ordinance are declared to be separate
14 and severable. If a court of competent jurisdiction, all appeals having been exhausted or all
15 appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as
16 to any person or circumstance, such offending provision shall, if feasible, be deemed to be
17 modified to be within the limits of enforceability or validity. However, if the offending provision
18 cannot be so modified, it shall be null and void with respect to the particular person or
19 circumstance, and all other provisions of this ordinance in all other respects, and the offending
20 provision with respect to all other persons and all other circumstances, shall remain valid and
21 enforceable.

22 **Section 9. Ratification of Prior Acts.** Any action taken consistent with the authority
23 but prior to the effective date of this ordinance, including, if applicable, but not limited to issuing
24 requests for proposals for financing or underwriting services, executing engagement letters for
25 financing or underwriting services based on responses to such requests, giving notices of the sale



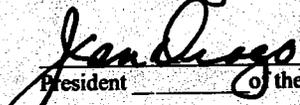
NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
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1 of Bonds, executing contracts or other documents, making fund transfers, and paying warrants, is
2 ratified, approved, and confirmed.

3 **Section 10. Headings.** The section headings in this ordinance are used for convenience
4 only and shall not constitute a substantive portion of this ordinance.

5 **Section 11. Effective Date.** This ordinance shall take effect and be in force 30 days
6 from and after its approval by the Mayor, but if not approved and returned by the Mayor within
7 10 days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

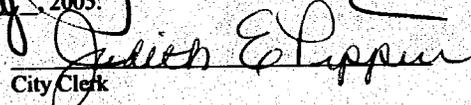
8
9 Passed by the City Council the 16th day of May, 2005, and signed by me in open
10 session in authentication of its passage this 16th day of May, 2005.

11
12 
13 President _____ of the City Council

14 Approved by me this 26th day of May, 2005.

15 
16 Gregory J. Nickels, Mayor

17 Filed by me this 26th day of May, 2005.

18 
19 City Clerk

20
21 (Seal)



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
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Author's Name: Carol Butler
 Date (Hard-Coded): December 29, 2004
 Name of Companion Legislation: SCL Bond Surety Ordinance
 Version #: 1

Form revised December 9, 2004

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Legislative	Carol Butler 684-3580	

Legislation Title:
City Light Bond Surety Ordinance

- **Summary of the Legislation:** The legislation authorizes City Light to purchase a surety bond as a replacement for funds currently in the Bond Reserve Fund and for additional deposits that would be required for outstanding bond issues. The Bond Reserve Fund currently holds approximately \$81.5 million dollars. In 2004 City Light's financial advisor indicated that a surety bond would be available at a cost of about 2.2% of the dollar amount to be covered. Assuming this would continue to be true in 2005, it would cost approximately \$2.6 million for a one-time premium to cover the current bond reserve and the amounts not yet deposited in the reserve.

- **Background:** (Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):

- Please check one of the following:

This legislation does not have any financial implications. (Stop here and delete the remainder of this document prior to saving and printing.)

This legislation has financial implications. (Please complete all relevant sections that follow.)

Appropriations: This table should reflect appropriations that are a direct result of this legislation. In the event that the project/ programs associated with this ordinance have appropriations that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below.

Fund Name and Number	Department	Budget Control Level*	2005 Appropriation	2006 Anticipated Appropriation
SCL810	City Light	Debt Service	\$3,000,000	

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TOTAL				
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*See budget book to obtain the appropriate Budget Control Level for your department.

Notes: This amount could change as it is based on a quote received by City Light in 2004. In addition, City Light already had received some appropriation authority for purchase of a surety bond in the 2005 budget that has not yet been exercised.

Anticipated Revenue/Reimbursement: Resulting From This Legislation: This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.

Fund Name and Number	Department	Revenue Source	2005 Revenue	2006 Revenue
TOTAL				

Notes:

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Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE

Impact: This table should only reflect the actual number of positions created by this legislation. In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below the table.

Position Title and Department*	Fund Name	Fund Number	Part-Time/Full Time	2005 Positions	2005 FTE	2006 Positions**	2006 FTE**
TOTAL							

* List each position separately

** 2006 positions and FTE are total 2006 position changes resulting from this legislation, not incremental changes. Therefore, under 2005, please be sure to include any continuing positions from 2005

Notes:

- **Do positions sunset in the future?** (If yes, identify sunset date):

Spending/Cash Flow: This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.

Fund Name and Number	Department	Budget Control Level*	2005 Expenditures	2006 Anticipated Expenditures
TOTAL				

* See budget book to obtain the appropriate Budget Control Level for your department.

Notes:

- **What is the financial cost of not implementing the legislation?** (Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented.) If the legislation is not implemented, City Light will continue to make contributions to the Bond Reserve Funds each year until the entire requirements are met.



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- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** (Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.) None
- **Is the legislation subject to public hearing requirements:** (If yes, what public hearings have been held to date, and/or what plans are in place to hold a public hearing(s) in the future.)
- **Other Issues** (including long-term implications of the legislation):

Please list attachments to the fiscal note below:

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ORDINANCE

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5 the City's outstanding municipal light and power revenue bonds, authorizing the
6 withdrawal of money currently held to meet the reserve fund requirement, authorizing
7 the deposit of that money in the Light Fund, and amending the 2005 City budget and
8 increasing appropriations to the City Light Department in connection therewith.

9
10 WHEREAS, The City of Seattle, Washington (the "City") has outstanding fixed rate, senior
11 lien municipal light and power revenue bonds (as defined in section 1, the "Outstanding
12 Parity Bonds"); and

13
14 WHEREAS, pursuant to the ordinances and resolutions authorizing the Outstanding Parity Bonds
15 (the "Parity Bond Legislation"), the City has established and maintains the Municipal
16 Light and Power Bond Reserve Fund (the "Reserve Fund"), into which the City has
17 deposited, and is obligated to continue to deposit, money in the amounts and at the times
18 required by the Parity Bond Legislation to meet the Reserve Fund Requirement (as
19 hereinafter defined) for the Outstanding Parity Bonds; and

20
21 WHEREAS, the Parity Bond Legislation permits the City to meet the Reserve Fund Requirement
22 by substituting a surety bond for money previously deposited and to be deposited in the
23 Reserve Fund, and to withdraw previously deposited money from the Reserve Fund; and

24
25 WHEREAS, the Superintendent of the City Light Department has advised the City Council that it
26 is in the best interest of the electric system and its ratepayers to withdraw all money
27 currently on deposit in the Reserve Fund; NOW, THEREFORE,

28 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. Definitions. As used in this ordinance, the following words shall have the
meanings hereinafter set forth:

"City Council" means the City Council of the City, as duly and regularly constituted
from time to time.

"Director of Finance" means the Director of Finance of the City, or any successor thereto.



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1 "Light Fund" means the special fund of the City of that name heretofore created and
2 established by the City Council.

3 "Mayor" means the Mayor of the City.

4 "Outstanding Parity Bonds" means, collectively, the outstanding:

5 (a) Municipal Light and Power Revenue Bonds, 1995, Series A and B, of
6 the City authorized by Ordinance 117758 and Resolutions 29198 and
7 29218, respectively;

8 (b) Municipal Light and Power Revenue Bonds, 1996, of the City
9 authorized by Ordinance 118282 and Resolution 29477;

10 (c) Municipal Light and Power Revenue Bonds, 1997, of the City
11 authorized by Ordinance 118745 and Resolution 29686;

12 (d) Municipal Light and Power Refunding Revenue Bonds, 1998,
13 Series A, of the City authorized by Ordinance 118744 and Resolution
14 29687;

15 (e) Municipal Light and Power Refunding Revenue Bonds, 1998, Series B,
16 of the City authorized by Ordinance 119141 and Resolution 29851;

17 (f) the Municipal Light and Power Revenue Bonds, 1999, of the City
18 authorized by Ordinance 119638 and Resolution 30065;

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20 authorized by Ordinance 120131 and Resolution 30274;

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22 Bonds, 2001, of the City authorized by Ordinance 120274 and
23 Resolution 30298;
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- 2 City authorized by Ordinance 120931 and Resolution 30549;
- 3 (j) the Municipal Light and Power Improvement and Refunding Revenue
- 4 Bonds, 2003, of the City authorized by Ordinance 121198 and
- 5 Resolution 30618; and
- 6 (k) the Municipal Light and Power Improvement and Refunding Revenue
- 7 Bonds, 2004.

8 "Parity Bond Fund" means the Seattle Municipal Light Revenue Parity Bond Fund
9 established pursuant to Ordinance 92938 and now treated as a separate account within the Light
10 Fund.

11 "Parity Bond Legislation" means, collectively, the ordinance and resolutions authorizing
12 and providing for the issuance of the Outstanding Parity Bonds, as originally passed or adopted
13 or as theretofore amended or supplemented.

14 "Reserve Fund" means the Municipal Light and Power Bond Reserve Fund established
15 pursuant to Ordinance 71917, as amended, and now treated as a separate account within the Light
16 Fund.

17 "Reserve Fund Requirement" shall have the meaning assigned to that term in the Parity
18 Bond Legislation.

19 Section 2. Substitution of Surety Bond for Cash in Reserve Fund. The City finds
20 that it is in the City's best interest to satisfy the Reserve Fund Requirement for the Outstanding
21 Parity Bonds with a surety bond that constitutes "Qualified Insurance" as that term is defined in
22 the Parity Bond Legislation, rather than with cash. The Director of Finance is authorized and
23 directed, upon his determination that a surety bond is available at reasonable cost, to withdraw all
24 cash held in the Reserve Fund and to substitute a surety bond in an amount equal to the total
25



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1 Reserve Fund Requirement for all Outstanding Parity Bonds on the effective date of the surety
2 bond. The Director of Finance is authorized and directed to select a provider of the surety bond
3 through a selection process acceptable to him. The Director of Finance and each of the other
4 appropriate officers of the City are further authorized to enter into such agreements and execute
5 all such documents, consistent with the terms of the Parity Bond Legislation and this ordinance,
6 as, in their judgment, are necessary and appropriate to acquire the surety bond. Any
7 reimbursement obligation that is created by any such agreement shall be an obligation of the
8 Light Fund and not a general obligation of the City.

9 **Section 3. Deposit of Cash Withdrawn from the Reserve Fund.** On the effective date
10 of the surety bond, all of the cash withdrawn from the Reserve Fund pursuant to this ordinance
11 shall be deposited in the Light Fund. The amount necessary to pay the premium for the surety
12 bond and transaction costs may be withdrawn from the Light Fund and spent for that purpose. The
13 remainder of the deposit to the Light Fund shall be transferred or expended only as authorized by
14 future ordinance.

15 **Section 4. Increase in Budget.** The General Expense budget control level for the City
16 Light Department (SCL800) in the 2005 Adopted City Budget is amended to include the
17 purchase of a surety bond as authorized in this ordinance, which purchase shall be funded by the
18 appropriation made in section 5.

19 **Section 5. Appropriation.** In order to pay for necessary costs and expenses to be
20 incurred in 2005, but for which insufficient appropriations were made, the appropriation for the
21 general expense budget control level in the 2005 Adopted City Budget is increased from the fund
22 shown, as follows:
23



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Fund	Department	Budget Control Level	Amount
Light (41000)	City Light	General Expense (SCL 800)	\$3,000,000

Section 6. General Authorization. The Mayor and the Director of Finance and each of the other appropriate officers of the City are each authorized and directed to do everything as in their judgment may be necessary, appropriate, or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this ordinance.

Section 7. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 8. Ratification of Prior Acts. Any action taken consistent with the authority but prior to the effective date of this ordinance, including, if applicable, but not limited to issuing requests for proposals for financing or underwriting services, executing engagement letters for financing or underwriting services based on responses to such requests, giving notices of the sale of Bonds, executing contracts or other documents, making fund transfers, and paying warrants, is ratified, approved, and confirmed.

Section 9. Headings. The section headings in this ordinance are used for convenience only and shall not constitute a substantive portion of this ordinance.



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Section 10. Effective Date. This ordinance shall take effect and be in force 30 days from and after its approval by the Mayor, but if not approved and returned by the Mayor within 10 days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2005, and signed by me in open session in authentication of its passage this ____ day of _____, 2005.

President _____ of the City Council

Approved by me this ____ day of _____, 2005.

Gregory J. Nickels, Mayor

Filed by me this ____ day of _____, 2005.

City Clerk

(Seal)



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07A 101212

FILED
CITY OF SEATTLE
JUL - 7 11:14:3
CITY CLERK

STATE OF WASHINGTON - KING COUNTY

-ss-

186416
CITY OF SEATTLE, CLERKS OFFICE

No.

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

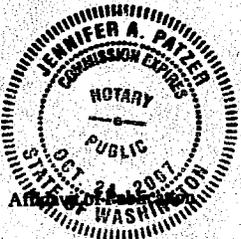
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT-ORDINANCE 115146

was published on

06/06/05

The amount of the fee charged for the foregoing publication is the sum of \$ 331.25, which amount has been paid in full.



msd

Subscribed and sworn to before me on

06/06/05

Jennifer Patzer

Notary public for the State of Washington,
residing in Seattle

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City of Seattle

ORDINANCE 11818

AN ORDINANCE relating to the Finance of the City of Seattle, authorizing the purchase of a surety bond to meet the total reserve fund requirements for the City's outstanding municipal light and power revenue bonds, authorizing the withdrawal of money currently held to meet the reserve fund requirements, authorizing the deposit of that money in the Light Fund, and amending the 1908 City Budget and increasing appropriations to the City Light Department in connection therewith.

WHEREAS, The City of Seattle, Washington (the "City") has established a fixed rate, senior lien municipal light and power revenue bonds (as defined in section 1, the "Outstanding Parity Bonds"); and

WHEREAS, pursuant to the ordinance and resolution authorizing the Outstanding Parity Bonds (the "Parity Bond Legislation"), the City has established and authorized the Municipal Light and Power Revenue Fund (the "Revenue Fund") to meet the reserve fund requirements for the Outstanding Parity Bonds, and is obligated to continue to deposit money in the Revenue Fund as the amount required by the Parity Bond Legislation to meet the Reserve Fund Requirement (as hereinafter defined) for the Outstanding Parity Bonds; and

WHEREAS, the Parity Bond Legislation permits the City to meet the Reserve Fund Requirement by substituting a surety bond for money previously deposited and to be deposited in the Reserve Fund, and to withdraw previously deposited money from the Reserve Fund; and

WHEREAS, the Superintendent of the City Light Department has advised the City Council that it is in the best interest of the City to purchase a surety bond to meet the Reserve Fund Requirement and to withdraw all money currently on deposit in the Reserve Fund; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Director of Finance shall have the authority to purchase a surety bond to meet the Reserve Fund Requirement for the Outstanding Parity Bonds.

Section 2. The City Council is authorized to amend the City Budget and to increase the appropriations to the City Light Department in connection with the purchase of a surety bond to meet the Reserve Fund Requirement for the Outstanding Parity Bonds.

Section 3. The Director of Finance is authorized to withdraw all money currently on deposit in the Reserve Fund and to deposit that money in the Light Fund.

Section 4. The Director of Finance is authorized to deposit the amount required to meet the Reserve Fund Requirement for the Outstanding Parity Bonds in the Light Fund.

Section 5. The Director of Finance is authorized to deposit the amount required to meet the Reserve Fund Requirement for the Outstanding Parity Bonds in the Light Fund.

Section 6. The Director of Finance is authorized to deposit the amount required to meet the Reserve Fund Requirement for the Outstanding Parity Bonds in the Light Fund.

Section 7. The Director of Finance is authorized to deposit the amount required to meet the Reserve Fund Requirement for the Outstanding Parity Bonds in the Light Fund.

Section 8. The Director of Finance is authorized to deposit the amount required to meet the Reserve Fund Requirement for the Outstanding Parity Bonds in the Light Fund.

Section 9. The Director of Finance is authorized to deposit the amount required to meet the Reserve Fund Requirement for the Outstanding Parity Bonds in the Light Fund.

Section 10. The Director of Finance is authorized to deposit the amount required to meet the Reserve Fund Requirement for the Outstanding Parity Bonds in the Light Fund.

Section 11. The Director of Finance is authorized to deposit the amount required to meet the Reserve Fund Requirement for the Outstanding Parity Bonds in the Light Fund.

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Section 30. The Director of Finance is authorized to deposit the amount required to meet the Reserve Fund Requirement for the Outstanding Parity Bonds in the Light Fund.

Section 31. The Director of Finance is authorized to deposit the amount required to meet the Reserve Fund Requirement for the Outstanding Parity Bonds in the Light Fund.

Section 32. The Director of Finance is authorized to deposit the amount required to meet the Reserve Fund Requirement for the Outstanding Parity Bonds in the Light Fund.

Section 33. The Director of Finance is authorized to deposit the amount required to meet the Reserve Fund Requirement for the Outstanding Parity Bonds in the Light Fund.

Section 34. The Director of Finance is authorized to deposit the amount required to meet the Reserve Fund Requirement for the Outstanding Parity Bonds in the Light Fund.

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"Parity Bond Fund" means the Seattle Municipal Light Revenue Parity Bond Fund established pursuant to Ordinance 22000 and now treated as a separate account established in the Light Fund.

"Parity Bond Legislation" means, collectively, the ordinance and resolutions authorizing and providing for the issuance of Outstanding Parity Bonds, as originally passed or adopted or as theretofore amended or supplemented.

"Reserve Fund" means the Municipal Light and Power Bond Reserve Fund established pursuant to Ordinance 71917, as amended, and now treated as a separate account within the Light Fund.

"Reserve Fund Requirement" shall have the meaning assigned to that term in the Parity Bond Legislation.

Section 2. Substitution of Surety Bond for Cash in Reserve Fund. The City finds that it is in the City's best interest to satisfy the Reserve Fund Requirement for the Outstanding Parity Bonds with a surety bond that constitutes "Qualified Insurance" as that term is defined in the Parity Bond Legislation, rather than with cash. The Director of Finance is authorized and directed, upon his determination that a surety bond is available at reasonable cost, to withdraw all cash held in the Reserve Fund and to substitute a surety bond to an amount equal to the total Reserve Fund Requirement for all Outstanding Parity Bonds on the effective date of the surety bond. The Director of Finance is authorized and directed to select a provider of the surety bond through a selection process accessible to him. The Director of Finance and each of the other appropriate officers of the City are further authorized to enter into such agreements and execute all such documents, consistent with the terms of the Parity Bond Legislation and this ordinance, as, in their judgment, are necessary and appropriate to acquire the surety bond. Any reimbursement obligation that is created by any such agreement shall be an obligation of the Light Fund and not a general obligation of the City.

Section 3. Establishment of Contingency Reserve Account. There is hereby established a Contingency Reserve Account in the Light Fund.

Section 4. Deposit of Cash Withdrawn from the Reserve Fund. On the effective date of the surety bond, all cash withdrawn from the Reserve Fund pursuant to this ordinance shall be deposited in the Light Fund. \$5,000,000 of such cash shall be deposited in the Contingency Reserve Account within the Light Fund. The amount necessary to pay the premium for the surety bond and transaction costs may be withdrawn from the Light Fund and spent for that purpose. The remainder of the funds deposited to the Light Fund shall be used for additional debt reduction, either by transferring the funds to the Construction Account of the Light Fund where the funds will be used for authorized capital expenditures, thereby reducing future debt issuance, or by using the funds to discharge outstanding City Light obligations as may be authorized by future ordinance.

Section 5. Increase in Budget. The General Expense budget control level for the City Light Department (SCL800) in the 2005 Adopted City Budget is amended to include the purchase of a surety bond as authorized in this ordinance, which purchase shall be funded by the appropriation made in section 6.

Section 6. Appropriation. In order to pay for necessary costs and expenses to be incurred in 2005, but for which insufficient appropriations were made, the appropriation for the general expense budget control level in the 2005 Adopted City Budget is increased from the fund source, as follows:

Fund - Department - Budget Control Level - Amount:
Light (41000) - City Light - General Expense (SCL 800) - \$5,000,000

Section 7. General Authorization. The Mayor and the Director of Finance and each of the other appropriate officers of the City are each authorized and directed to do everything as in their judgment may be necessary, appropriate, or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this ordinance.

Section 8. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 9. Ratification of Prior Acts. Any action taken consistent with the authority but prior to the effective date of this ordinance, including, if applicable, but not limited to issuing requests for proposals for financing or underwriting services, executing engagement letters for financing or underwriting services based on responses to such requests, giving notices of the sale of Bonds, executing contracts or other documents, making fund transfers, and paying warrants, is ratified, approved, and confirmed.

Section 10. Headings. The section headings in this ordinance are used for convenience only and shall not constitute a substantive portion of this ordinance.

Section 11. Effective Date. This ordinance shall take effect and be in force 90 days from and after its approval by the Mayor, but if not approved and returned by the Mayor within 10 days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 16th day of May, 2005, and signed by me in open session in substantiation of its passage this 16th day of May, 2005.

JAN DRAGO,
President of the City Council.

Approved by me this 26th day of May, 2005.

GREGORY J. NICKELS,
Mayor.

Filed by me this 26th day of May, 2005.

(Seal) JUDITH PIPPIN,
City Clerk.

Publication ordered by JUDITH PIPPIN,
City Clerk.

Date of publication in the Seattle Daily Journal of Commerce, June 6, 2005.

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